IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:
Geoffrey B. Rhoads
Application No.: 09/804,679
Filed: March 12, 2001
For: MEDIA COMMERCE SYSTEM EMPLOYING WATERMARKS
Examiner: U. Raman
Date: May 12, 2006

Art Unit 2623
Confirmation No. 1863

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REPLY BRIEF

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Sir,

This brief is responsive to the Examiner's Answer mailed March 21, 2006.

I. "Exchanging A Fee" vs. "Accruing A Charge"

The *Examiner's Answer* asserts that there is no material difference between "exchanging a fee" as required by claim 1, and "accruing a charge" as taught by Kenner (pages 7-8). Appellant respectfully disagrees.

In Kenner's arrangement, the buyer does not provide a fee (nor does the seller receive a fee) at the time of transaction. Rather, such charges are *accrued*, and settled later.

The *Examiner's Answer* newly cites a credit card example, but even such new art is not what Kenner teaches. In the credit card example, the seller *immediately* receives the payment, while the buyer's corresponding payment is deferred somewhat.

The January, 2006, Federal Circuit case of *In re Johnston*[1] (applying claim construction rules of *Phillips v. AWH*[2] to *ex parte* prosecution) requires that the Examiner give claim terms the meanings imparted by applicant's specification, rather than other possible meanings. Error occurred in this case because the Examiner construed "exchanging a fee" too expansively.

Construed with reference to the specification, Appellant's language does not encompass the prior art arrangements cited in the Final Rejection. Appellant's specification teaches an arrangement in which the buyer immediately provides the payment fee. Only after such fee is exchanged is the video provided. This arrangement avoids the "abuse of 'pay per view'" problems noted by Kenner in his specification (as discussed at the top half of page 7 of the Appeal Brief).

The *Examiner's Answer* also argues that the claim does not stipulate that the payment for a video be received in advance of its delivery (page 8). However, this temporal ordering is evident from a reading of the claim, which unambiguously establishes a *sequence* of acts.

Again, the Examiner is applying "broadest possible interpretation" claim construction in a manner that conflicts with the claim meaning as imparted by the specification.

The specification must be taken into account when construing the claims. The specification is unambiguous on this point, and describes an arrangement in which, only after

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1 *In re Scott E. Johnston*. No. 05-1292 (Fed. Cir. Jan. 26 2006).

2 415 F.3d 1303 (Fed. Cir. 2005).

payment has been provided by the customer, is the video delivered. See the last sentence in the following excerpt detailing an illustrative embodiment – a sentence making clear that delivery of the video is performed *responsive to a message from a bank confirming to the seller that the fee exchange has been successful*:

> On clicking on a hypertext link associated with the desired basketball game, the viewer is presented a further screen with one or more options. The first of the listed options is the entire game, with commercials. The charge is the nominal charge presented on the earlier screen (i.e. 80 cents). Other options may include the first, second, third, and fourth quarters of the game individually, each of which – save the last, costs 20 cents. The last may be charged at a premium rate, e.g., 30 cents. Clicking on the desired video option yields a further screen through which payment is effected.
>
> To pay for the requested video, the consumer instructs his or her computer to transfer three of the earlier-purchased tokens over the web to the video provider. Various user interface metaphors can be employed to facilitate this transfer, e.g., permitting the user to type the amount of money to be transferred in a dialog box presented on-screen, or dropping/dragging icons representing tokens (coins) from an on-screen "wallet" to an on-screen "ticket booth" (or over an icon or thumbnail representing the desired content), clicking on an "increment" counter displayed adjacent the listing of the content, etc. Once the consumer has authorized a transfer of sufficient tokens, the consumer's computer sends to the web site (or to such other web address as HTML encoding in the viewed web page may indicate) the tokens. This transmission simply takes the form of the three 128+ bit numbers (the '+' indicating the bank identifier) – in whatever packet or other format may be used by the internet link. Once dispatched in this manner, the tokens are deleted from the user's computer, or simply marked as spent. (Of course, in other embodiments, a record of the expenditure may be stored in the consumer's computer, e.g., with the token contents and a record of the audio or video purchase to which they were applied.)
>
> Since the amount of money is nominal, no encryption is provided in this embodiment, although encryption can naturally be provided in other embodiments (e.g., either in sending the tokens from the user to the web site, or earlier, in sending the tokens to the user). As will be seen, provided that the media provider immediately sends the tokens to the bank in real time, encryption is a nice feature but not mandatory
>
> On receipt of the token data, the web site immediately routes the token data to the identified bank, together with an identifier of the media provider or account to which the funds represented thereby are to be credited. The bank checks whether the 128-bit numbers have been issued by that bank, and whether they have already been spent. If the numbers are valid, the bank updates its disk-based records to indicate that the three tokens have been spent and that the bank now owes the media supplier 30 cents, which it may either pay immediately (e.g., by crediting to an account identified by the media provider) or as one lump sum at the end of the month. The

> bank then sends a message to the web site confirming that the tokens were valid and credited to the requested account. (Optionally, a message can be sent to the purchaser of the tokens (if known), reporting that the tokens have been redeemed.)
>
> ***In response***, the web site begins delivery of the requested video to the consumer....[3]

Claim 1, when properly construed, does not read on an arrangement in which the video is delivered before the fee has been paid by the customer, as in Kenner. Thus, claim 1 is not anticipated by Kenner.

II. Moskowitz Teaching Re URLS

As noted in the Appeal Brief, Moskowitz does not teach "an identifier of an internet site from which the selected video is provided," as specified in claim 2.

The Examiner's Answer asserts:

> Moskowitz teaches that a watermark may contain a URL identifying the internet site of various content providers. Moskowitz further teaches that watermark may contain seller's own account information, digital notary along with the notary's own signature.[4]

While the Examiner's assertion is correct, claim 2 requires more than is stated – and more than Moskowitz teaches. The claim requires "an identifier of an internet site from which the selected video is provided." This Moskowitz does not teach.

The URL cited at Moskowitz col. 9, lines 29-40, does not meet the claim requirements. This passage identifies web sites where "similar content that a buyer of a piece of content might be interested in can be found." But such a URL does not identify the web site of "an internet site from which the selected video *is* provided." (Nor does such a URL identify "an internet address to which the selected video *is* transmitted.")

The art – combined in the manner proposed in the Final rejection – thus cannot yield the claimed combination.[5] As such, *prima facie* obviousness has not been established.

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[3] Specification, page 3, line 9 – page 4, line 19, emphasis added.

[4] Text bridging pp. 8-9.

[5] The *Examiner's Answer* seems to try and tweak the Final Rejection to redress this shortcoming – suggesting that an artisan might modify Moskowitz's teachings in a manner to more closely match the claim language. However, the issue on appeal is the final rejection made by the Examiner during prosecution. If the Examiner wished to enter a different basis for the rejection, his option was to expressly do so. This he has not done.

III. Fridrich Teaching re Date Data

The *Examiner's Answer* argues that, although Fridrich uses date data for a purpose different than required by appellant's claim 6, such a modification would have been obvious.

The problem with such logic is that it *starts* with Fridrich, and then modifies it – using appellant's claim as a guide. Absent hindsight, however, there has been no showing that an artisan would have looked to Fridrich.

Fridrich's system concerns determining authenticity of an image. It does not concern internet distribution of video – at least not without a hindsight lens. It is improper to modify and apply one teaching from a reference - divorced from the rest of its context and teachings – unless there is a suggestion in the art that it would have been obvious to do so. The Final Rejection failed to demonstrate the requisite suggestion.

IV. Conclusion

The anticipation rejections fail because the Kenner does not teach "exchanging a fee" prior to delivery of the watermarked video. The obviousness rejections fail because the Examiner failed to meet the Office's burden of establishing *prima facie* obviousness. Accordingly, the Board is requested to reverse the outstanding rejections, and remand to the Examiner for issuance of a notice of allowance.

Respectfully submitted,

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